

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Exempt Facility Program 2002 Summary

Each year, the California Debt Limit Allocation Committee (Committee) reserves a portion of its tax-exempt private activity bond authority for the Exempt Facility Program Pool. These tax-exempt bonds are used to finance primarily solid waste disposal and waste recycling facilities. There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business¹ under Regulatory Mandate², 2) Non-first Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, 4) All other Applications for Exempt Facilities. The tax-exempt bonds provide low cost financing, in the form of below market interest rates, to project owners. The interest rate savings enable project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities served by the projects meet their mandated requirements to protect and enhance the environment. These projects also benefit the communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has redirected the award of allocation to smaller companies in order to assist their communities meet their environmental mandates.

In 2002, CDLAC awarded \$220 million in allocation, representing 8.5% of the total \$2.587 billion state ceiling. The allocation was awarded in two allocation rounds to a single issuer, California: California Pollution Control Financing Authority (CPCFA), for a total of 23 exempt facility projects throughout California. The allocation was distributed between two categories: 1) 64%, or \$140,990,000 of the allocation was allocated to First Tier Projects Under Regulatory Mandate, and 2) 36%, or \$79,010,000 of the allocation was allocated to Non-first Tier Projects Under Regulatory Mandate. The 2002 allocations financed 18 First Tier Projects under Regulatory Mandate and 5 Non-first Tier Projects under Regulatory Mandate. Of these; 8 projects are building new or expanding existing facilities to handle more waste and to increase recycling capabilities, 16 are purchasing cleaner fuel burning and more fuel efficient equipment, 6 projects are assisting dairies manage their solid waste disposal requirements, and 1 project is turning a county sanitation district's biosolids into fertilizer. In addition, over 698 full time jobs will have been created.

2002 Total Benefit of Exempt Facility Program

Allocation Amount	First Tier Projects Under Regulatory Mandate	Non-first Tier Projects Under Regulatory Mandate	Total Exempt Facility Projects
\$220,000,000	64% or \$140,990,000 18 Projects	36% or \$79,010,000 5 Projects	23

¹ "First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

² "Regulatory Mandate" means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

2002 Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Burrtec Waste Group.	\$9,900,000	The Project will include the purchase of new collection equipment to provide for future growth in the Company's service areas and to replace existing equipment as it becomes obsolete. The new equipment will include collection barrels and bins and new low emission, alternative fuel trucks. The new equipment will be purchased as needed for all of the Company's waste hauling operations in the three-county service area that includes the Cities of Duarte, Bradbury, Monrovia, Pasadena, Irwindale, Pomona and the unincorporated area of Los Angeles County; the Cities of Riverside and the unincorporated area of Riverside County; and the Cities of Highland, Rancho Cucamonga, San Bernardino, Yucaipa, Montclair, Victorville, Fontana and the unincorporated area of San Bernardino County. The Project also includes the expansion of the Agua Mansa transfer station into a Materials Recovery Facility ³ (MRF) as originally contemplated when the transfer station was first constructed. The expansion of the facility consists of a 60,000 square foot addition to the existing building and installation of a sorting line and 2 balers.
Mottra Corporation Project	\$5,500,000	The Project will assist the Project Sponsor in complying with recent regulations created by the South Coast Air Quality Management District that requires all fleets of 15 or more vehicles, either government owned or privately held (for government service use), to utilize alternative fuel. The Project Sponsor indicates that the projects will result in new permanent, full-time positions and new permanent, part-time positions.
CR & R Incorporated	\$7,795,000	According to the Project Sponsor, the Project involves minor renovations to its Material Recovery Facilities (MRF) in Stanton and Phelan. However, 97% of this Project involves the purchase of new equipment designed to increase efficiencies in order to provide for additional material recovery not previously attainable and to accommodate growth.
Norcal Waste Systems	\$48,185,000 ⁴	This Project consists of three components: 1) the construction of a MRF site serving the San Francisco, 2) the purchase of trucks and collection containers, and 3) the construction of corporate yards in San Jose and Livermore. The Project Sponsor provides solid waste collection for San Francisco. The Project Sponsor will be expanding its current San Francisco site and upgrading the equipment in order to achieve AB939 mandates. The San Francisco site is expanding with new construction, equipment purchase to support collection activity and will create 325 full time new jobs and 125 construction jobs.
California Waste Systems	\$11,275,000	The Project consists of the purchase of approximately 3.57 acres of land, the construction of a new 51,300 square foot Materials Recovery Facility (MRF) to handle approximately 85,000 tons per year of residential commingled recyclables, and the purchase of new collection and recycling equipment and vehicles. The Project will implement a new system for the collection and processing of residential recyclables in the City of San Jose. The new system will change the collection modality from source-separate to commingled. The City of San Jose is implementing this new system to increase recycling participation that will maximize diversion of residential solid waste from landfill or other forms of disposal. The Project Sponsor has entered into a contract with the City of San Jose's prime solid waste collection contractor (Norcal Waste Systems, Inc.) for the processing of 100% of the residential recyclables collected by Norcal in the City of San Jose. The proposed Project will receive commingled residential waste materials from Norcal and, through a combination of manual and mechanical processes, the materials will be sorted into approximately 20 different commodity grades. The commodities will all be sold to end users or brokers to be used ultimately in the manufacture of new products.

³ "MRF" means Materials Recovery Facility. This is a facility that receives, sorts, and bales for resale recyclable waste material collected from residential and commercial establishments.

⁴ \$5,185,000 was reverted back to CDLAC after bonds were issued. This balance was carried forward to the following EXF round

2002 Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
South Lake Refuse and Recycling	\$6,750,000	The Project is comprised of three components. The first consists of the development of approximately 4 acres of land, the construction of a new 30,000 square foot recycling facility to increase diversion of residential commingled recyclables. The recycling facility will include the purchase of new collection and recycling equipment and vehicles. The second will implement a new Methane Gas Collection System, consisting of wells, collection pipes, blowers, gas treatment apparatus, methane flare, and associated controls structures and equipment. The new system will significantly reduce the amount of methane gas released from the landfill. The Project is developing a new landfill cell for future disposal capacity. The third component is the upgrading of an additional recycling facility. The facility will be converted into a single stream recyclable through the purchase and installation of new conveyor, screens material bunkers and other ancillary equipment. The new facility will be complimented by new reduced emission collection equipment fleet, new collection containers, which will increase the facilities recycling abilities by 700 tons per week and employ up to 10 new employees in Napa and Lake Counties.
Mission Trail Waste Systems	\$7,555,000	Mission Trail Waste Systems, Inc. is acquiring new low emission collection and transfer vehicles and approximately 25,000 bins, containers and carts that will be leased to Alameda County Industries in order for Alameda County Industries to facilitate the automated collection and transfer of residential and commercial waste within the City of Alameda and enhance Alameda County Industries solid waste disposal and collection effort within its surrounding service area.
Sunset Waste Paper, Inc.	\$4,205,000	The Project consists of two components. The first is the acquiring equipment for use at the company's existing sites in Fresno and Visalia; purchasing collection vehicles for automated-source separated refuse service for the cities of Woodlake, Sanger and Delano and purchasing tractors and trailers for greenwaste transportation services for the city of Fresno and the rural area of Kings County. The second is to provide fro cost overruns associated with its development in Fresno not financed by the companies original bond issue. This Project expects to create 30-40 new full time jobs and 50 jobs during construction in Fresno and Kings Counties.
MarBorg Industries	\$5,215,000	The Project consists of four components. The first is the expansion of a current site with the construction of a new building and purchasing equipment for additional recycling capacity. The second is the expansion and improvement of the existing vehicle and equipment maintenance facility. The third is the renovation of an existing building and related site, turning it into an additional corporate yard for vehicle maintenance, offices, and storage for carts and bins. The fourth component is the purchase of duel fuel type collection equipment to accommodate the normal annual replacement needs. This Project expects to create 35 new full time jobs and 12 jobs during construction in Santa Barbara County.
Orange Avenue Disposal Services, Inc.	\$6,250,000	The Project consists of two components. The first is the construction of four new buildings. One material sort and transfer building, two vehicle and equipment maintenance buildings and one administration building. The second component is the purchasing of equipment. First the installation of floor conveyors, sort lines, bailers and truck scales. Then mobile equipment such as loaders, grinders and excavators will be purchased. The project will create approximately 35 new full-time jobs, 5 part time jobs, and 40 construction jobs in Fresno County.
Blue Line Transfer, Inc.	\$7,410,000	Blue Line Transfer, Inc. provides solid waste collection for 3 cities. The cities of South San Francisco, Brisbane, Millbrae. The Project will provide funds for the automation of the collection of residential waste and consists of replacing the current truck fleet with low emission/clean burning vehicles and purchasing additional waste containers, carts and related equipment. Blue Line Transfer, Inc. also anticipates acquiring an adjacent piece of land for additional truck parking.

2002 Benefit By Project

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Sanco Services, L.P.	\$7,885,000	SANCO Services, L.P. is constructing a new 52,000 square foot material recovery/recycling facility on 2.5 acres to serve the residents of the surrounding region: north San Diego County. The bond issue will finance a building, sorting line, conveyors, mechanized sorting system, baler, bins and related ancillary items. This will bring to north San Diego County an additional processing capacity of 65,000 tons annually. The project is expected to create 50 construction jobs and 50 additional jobs as a result of the bond issue.
Accommodators, Inc.	\$2,650,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Kern County, 70 workers during construction and 25 full-time employees upon completion.
Bidart Family Partnership, L.P.	\$6,000,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Kern County, 100 workers during construction, 62 full-time employees and 20 part time jobs during peak production times upon completion.
Heritage Dairy	\$1,500,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Solano County, 25 workers during construction and 19 full-time employees upon completion.
Milk Time Dairy Farm	\$1,400,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Madera County, 25 workers during construction and 18 full-time employees upon completion.
T&W Farms	\$3,200,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Kern County, 40 workers during construction and 35 full-time employees upon completion.
Carlos Echeverria & Sons Dairy	\$3,500,000	The Project consists of the equipment, buildings and lagoons that qualify under the "Solid Waste Disposal Revenue Bonds" regulations of the Internal Revenue Service. This dairy project will provide an economical and environmentally friendly method of disposing significant waste products inherent in this type of operation. The Project will employ in Kern County, 100 workers during construction and 26 full-time employees upon completion.

2002 Benefit By Project

Non-first Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefit
Waste Management, Inc.	\$28,755,000	The Project will enable Waste Management and its affiliates to increase recycling and diversion efforts in order that the cities with whom they are under contractual agreement may meet their regulatory waste stream diversion mandate. The Waste Management, Inc. indicates that the projects will result in over 300 new permanent, full-time positions and over 10 new permanent, part-time positions.
Republic Services, Inc.	\$28,755,000	The Project will enable Waste Management and its affiliates to increase recycling and diversion efforts in order that the cities with whom they are under contractual agreement may meet their regulatory waste stream diversion mandate.
Synagro Organic Fertilizer Company of Sacramento, Inc. and/ or Affiliates	\$21,500,000	The Project will include: The Construction of a 20 ton per day biosolids facility including processing equipment, air and odor control equipment, the facility building, site work, utility tie-ins and landscaping. This Project will provide the Sacramento County Sanitation District with a sustainable biosolids management outlet and will further benefit the public by helping ensure a sustainable agriculture in California with the recycled product produced at the facility in the form of natural organic fertilizer. The Project will employ in Sacramento County, 25 workers during construction and 8 full-time employees upon completion.